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HGGC Raises \$1.84 Billion for Third Fund

The firm completed its latest fundraising cycle in under 100 days.

By **Laura Cooper**

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Midmarket private-equity firm HGGC said it closed its third buyout vehicle with \$1.84 billion in capital commitments after about three months of fundraising.

HGGC Fund III LP surpassed its \$1.5 billion target and hit its \$1.75 billion hard cap from outside commitments, according to a news release. The general partner committed the balance of Fund III.

The Palo Alto, Calif., firm began fundraising in early September and closed the vehicle Dec. 14, according to the release.

HGGC's third vehicle collected \$1.25 billion from existing investors and \$500 million from new backers, many of which came from limited partners in Asia and the Middle East, said Rich Lawson, the co-founder and chief executive of HGGC.

The latest fund represents a step up from the firm's second fund, HGGC Fund II LP, which [closed on \\$1.33 billion](#) in 2015.

Mr. Lawson said despite "multiple billion dollars of demand" from investors, the firm was disciplined about growing the size of Fund III further.

WSJ Pro Private Equity [reported in February](#) the firm was targeting about \$1.5 billion for a fund, although formal marketing didn't begin at that time.

Mr. Lawson said that HGGC has invested in nine out of the 10 deals slated for its second fund. He added the firm hadn't begun investing from Fund III—which will likely target 12 investments because of its larger size—but said that the firm has a healthy pipeline for deals going into the new year.

HGGC's investments sit solidly in the middle market, said Mr. Lawson, who added the average enterprise value of its deal is about \$500 million. He said of the last \$1.5 billion of equity the firm invested, the general partner itself provided \$500 million in co-investments.

Over the course of HGGC's last three-year investment cycle, the firm completed \$6.2 billion of deals across 26 transactions, with a median purchase multiple of 7.4 times earnings before interest, taxes, depreciation and amortization, according to an investor document from September. The fund cycle provided a 66% internal rate of return on exits and a 3.5 times money-on-money return, according to the document.

Evercore's Private Fund Group acted as the fund's exclusive placement agent. Kirkland & Ellis LLP acted as legal adviser to HGGC.

HGGC invests in sectors that include technology and information services, business and financial services and industrial services. Most recently, in July, the firm backed Integrity Marketing Group LLC, which provides life and health insurance products to senior citizens.